CHONG FOK SHANG & ANOR.

v.

LILY HANDICRAFT & ANOR.

HIGH COURT MALAYA, PENANG
WAN ADNAN J
[CIVIL SUIT NO. 22-95-87]
8 APRIL 1989

TRADEMARKS: *Assignment of propriety right of trade mark - Allegation of infringement of trade mark - Whether the mark "Winlon" so nearly resembles the trade mark "Minlon" as to be likely to deceive or cause confusion - Sections 33, 35, 38, 45, 46, 50, 55 Trade Marks Act 1976.*

CIVIL PROCEDURE: *Application for interim injunction - Allegation of infringement of trade mark - Serious question to be tried - Balance of convenience.*

The first plaintiff was the original registered proprietor of trade mark Minlon and was trading as Macy Fashion which was involved in the retailing and wholesale of yarns. The second plaintiff was incorporated on 25 July 1978 to purchase or otherwise acquire and takeover as a going concern Macy Fashion together with all assets and liabilities including the proprietary right of the trade mark. Due to an inadvertence the deed of assignment in respect of the trade mark was only made on 10 April 1986. But prior to this date the second plaintiff had already exercised the right of the registered owner of the trade mark when they entered into an agreement on 1 June 1982 with Minlon Industries (M) Sdn. Bhd. permitting the latter to manufacture yarns and threads bearing the trade mark Minlon.

The plaintiffs contend that in or around March 1986 the defendants put in the market and were selling knitting yarns in the label bearing trade mark "Winlon" and this was an infringement of the plaintiff's rights. The plaintiffs applied for an interim injunction.

The defendants do not deny using the trade mark Winlon. In fact they had on 15 January 1986 applied for registration of the mark. They deny that the mark is an imitation of the mark Minlon or that it is likely to deceive. They also say that the plaintiffs have no *locus standi* and that the registration of the trade mark should be deemed to be an entry wrongly remaining in the Register under s. 33 of the Trade Marks Act 1976. The defendants contend that s. 46 of the Act applies as there has been no use in good faith of the trade mark by either of the plaintiffs. They also contend that the assignment is invalid under s. 55(2) of the Act.

Held:

[1] The defendants' mark "Winlon" so nearly resembles the plaintiffs' trade mark Minlon as to be likely to deceive or cause confusion. The mark Winlon used by the defendants would lead persons of average intelligence into accepting the knitting yarns of the defendants as and for the knitting yarns of the plaintiffs.

[2] Under s. 45 of the Trade Marks Act 1976, the Court can only make an order for the rectification of the register "on the application in the prescribed manner by any person aggrieved. Similarly under s. 46 of the Act the Court can only order a trade mark to be removed from the register on application. Under s. 50 of the Act a permitted use of registered trade

mark shall be deemed to be used by the registered proprietor of the trade mark. Minlon Industries (M) Sdn. Bhd. had been using the mark under the agreement dated 1 June 1982. There is a serious question to be tried.

[3] On the question of balance of convenience if the plaintiffs succeed they would not be adequately compensated by damages. If the plaintiff fail the defendants would be adequately compensated under the plaintiff's undertaking in damages. The plaintiffs would be able to pay any award of damages against them.

[Application for interim injunction granted.]

Case referred to:
American Cynamid Co. v. Ethicon Ltd. [1975] AC 396

Legislation referred to:
Trade Marks Act 1976, ss. 33, (3)(a), 35, 38, 45, 46, 50, 55(2)

For the plaintiff - Ahmed Ainuddin bin Mohd. Noordin; M/s. Skrine & Co.
For the defendants - Ranjit Rai Sharma; M/s. Sharma & Jaafar

JUDGMENT

Wan Adnan J:

The plaintiffs' application is for the following orders:

(1) That the 1st and 2nd defendants and each of them whether acting by themselves their partners or proprietors (as the case may be) servants or agents or any of them or otherwise howsoever be restrained until further order, in the meantime form doing the following acts or any of them that is to say:

(a) Manufacturing, packaging, importing, exporting, ordering, purchasing, offering for sale, selling, supplying, distributing, disposing of or parting with the possession otherwise than to the plaintiffs or their solicitors, or their authorised agents or otherwise however dealing in or with any knitting yarns with a label bearing the word "Winlon" or any other word similar to "Winlon".

(b) Infringing the plaintiffs' registered trade mark no. M/71743.

(c) Passing-off or attempting to pass off or causing or assisting others to pass of knitting yarn not of the plaintiffs' manufacture or merchandise as and for the knitting yarn of the plaintiffs by the one or in connection therewith in the course of trade of the "Minlon" or any colourable imitation thereof.

(2) That the costs of and incidental to the application be plaintiffs' costs in the cause.

The first plaintiff previously carried on business under the name and style of Macy Fashion which was involved in the retailing and wholesale of yarns. He was the original registered proprietor of the trade mark "Minlon" bearing no. M/71743 (hereinafter referred to as "the Trade Mark"). The second plaintiff was incorporated to purchase and otherwise acquire and take over as a going concern the business of Macy Fashion together with its assets and liabilities. By a deed of assignment dated 10 April 1986 the second plaintiff took an assignment of and became entitled to the trade mark. Upon application made to the Registrar of Trade Marks Malaysia the second plaintiff was registered as proprietors of the trade mark as from 10 April 1986.

On 1 June 1982 the second plaintiff entered into a license agreement with Minlon Industries (M) Sdn. Bhd. allowing the latter to manufacture yarns and threads bearing the plaintiff's trade mark "Minlon".

The first defendants is a firm of which the second defendant is the sole proprietress. The plaintiffs say that in or around March 1986 the defendants put in the market and were selling knitting yarns in the label bearing trade mark "Winlon" and this was an infringement of the plaintiffs' rights.

By this application the plaintiffs are asking for an interim injunction. I will first have to decide whether there is a serious question to be tried. I am fully aware that at this stage of the litigation it is not part of the Court's function to try to resolve conflicts of evidence on affidavits as to facts on which the claims of either party may ultimately depend nor to decide difficult questions of law which call for detailed argument and considerations. These matters are to be dealt with at the trial. (*American Cyanamid Co. v. Ethicon Ltd.* [1975] AC 396).

It is not in dispute that the first plaintiff was the original registered proprietor of trade mark "Minlon". He was trading as Macy Fashion. The second plaintiff was incorporated on 25 July 1978 to purchase or otherwise acquire and takeover as a going concern of Macy Fashion together with all assets and liabilities. The assets included the proprietary right of the trade mark. Due to inadvertence the deed of assignment in respect of the trade mark was only made on 10 April 1986. But prior to this date the second plaintiff had already exercised the right of the registered owner of the trade mark when they entered into an agreement on 1 June 1982 with Minlon Industries (M) Sdn. Bhd. permitting the latter to manufacture yarns and threads bearing the trade mark "Minlon".

Under s. 35 of the Trade Marks Act 1976 the registration of a person as the registered proprietor of a mark in respect of any goods, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods. Under s. 38 of the Act a registered trade mark is infringed by a person who uses a mark which is identical with or so nearly resemble it as is likely to deceive or cause confusion in the course of trade in relation to goods in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken as being use as a trade mark.

The question is therefore whether the mark "Winlon" used by the defendants so nearly resembles the plaintiffs' trade mark "Minlon" as to be likely to deceive or cause confusion.

In the matter of application by the *Pianotist Company Ltd.* [1906] Report of Patent, Design and Trade Mark Cases Vol. XXIII No. 32 p. 774, Parker J said:

> This is one of those cases where it is perfectly possible that another mind, if brought to bear on the subject, might take another view. It always is so in cases of this sort where you cannot really test whether a confusion has arisen, but only have to judge from the general appearance or sound of the two words whether confusion is likely to arise. You must take the two words. You must judge them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those marks are used in a normal way as a trade mark of the goods of the respective owners of the marks.

In *Iron-ox Remedy Ltd. v. Co-operative Wholesale Society Ltd.* [1907] Report of Patent, Design and Trade Marks Cases Vol. XXIV No. 19 an action brought to restrain passing-off Parker J said:

> The real question I have to ask myself is whether there is anything in the words "Iron Oxide Tablets" which would lead persons of average intelligence, in that class of the public likely to buy proprietary articles of that sort, into accepting the goods of the defendants as and for the goods of the defendants as and for the goods of the plaintiffs - that is to say under the impression that they were getting "Iron-Ox Tablets."

The defendants do not deny that they are using the trade mark "Winlon". In fact they had on 15 January 1986 applied for registration of the mark. They deny that the mark is an imitation of the mark "Minlon" or that it is likely to deceive. They also say the plaintiffs have no *locus standi*. The second plaintiff was incorporated in 1978 but assignment was only made in 1986. The second plaintiff was not registered as user. The first plaintiff did not use the trade mark after 1978 and from 1982 the second plaintiff did not use the mark. The registration of the trade mark should be deemed to be entry wrongly remaining in the register under s. 33 of the Trade Marks Act. The defendants also contend there has been no use in good faith of the trade mark by either of the plaintiffs. Therefore s. 46 of the Act applies. The other contention is that the assignment is invalid under s. 55(2) of the Act.

Using the tests which I have earlier referred to and judging from the sound and appearance of the two words "Minlon" and "Winlon" I find that the defendant's mark "Winlon" so nearly resembles the plaintiffs'; trade mark "Minlon" as to be likely to deceive or cause confusion. I also find that the mark "Winlon" used by the defendant would lead persons of average intelligence into accepting the knitting yarns of the defendants as and for the knitting yarns of the plaintiffs.

Section 33(3)(a) reads as follows:

> (3) When the facts mentioned in para. (a) or (b) of sub-section (2) are proved with respect to any word or words then:
>
> (a) if the trade mark consists solely of that word or those words, the registration of the trade mark, so far as regards registration in respect of the article or substance in question or of any goods of the same description, shall be deemed for the purpose of s. 45 to be an entry wrongly remaining in the Register;

But under s. 45 of the Act the Court can only make an order for the rectification of the register "on the application in the prescribed manner by any person aggrieved..."

Similarly under s. 46 of the Act the Court can only order a trade mark to be removed from the register on application.

Section 55(2) of the Act states as follows:

> (2) Notwithstanding sub-section (1), an assignment of a registered trade mark without goodwill whether before or after the commencement of this Act is invalid if the trade mark has not at any time before the assignment been in use in good faith in Malaysia by the assignor or his predecessor in title except that this sub-section does not apply where:
>
> (a) the trade mark was registered with the intention that it shall be assignable to a body corporate yet to be formed and the trade mark has been assigned; or

(b) the trade mark was registered with the intention that a person shall be permitted to use it as a registered user and such registered user has been registered in respect of the trade mark within six months after the registration of the trade mark and has used that trade mark within that period.

But under s. 50 of the Act a permitted use of a registered trade mark shall be deemed to be used by the registered proprietor of the trade mark. Minlon Industries (M) Sdn. Bhd. had been using the mark under the licence agreement dated 1 June 1982.

I find that there is a serious question to be tried. I will next consider the balance of convenience. I find that if the plaintiffs succeed they would not be adequately compensated by damages. I also find that if that plaintiffs fail the defendants would be adequately compensated under the plaintiff's undertaking in damages. As disclosed in the affidavit of Choong Koy, a director of the second plaintiff, the paid-up capital of the second plaintiff was RM450,000. The annual turnover is about RM6.3 million. The plaintiffs would be able to pay any award of damages against them.

For the above reason I granted the interim injunction in terms of the application and costs.

Also found at [1989] 2 CLJ 796